

FISCAL NOTE

HB 3243 - SB 3268

February 14, 1998

SUMMARY OF BILL: Requires the Department of Mental Health and Mental Retardation to make monthly payments to the regional mental health institutes for a period of two years which, combined with TennCare and third party revenues, is sufficient to meet budgeted expenses, continue current operations and maintain accreditation. The department is to eliminate all restrictions on marketing, purchasing, personnel, and other business systems to allow the institutes freedom of operation to compete fairly with private providers. The department is to contract with a consultant to conduct a feasibility study to convert the Moccasin Bend Mental Health Institute to a non-state agency.

ESTIMATED FISCAL IMPACT:

Increase State Expenditures - Exceeds \$100,000 - One-Time
Other Fiscal Impact - Forgo Savings - Exceeds \$1,000,000

Expenditures are for a one-time consultant contract to perform the feasibility study. The Department of Health estimates a cost of \$225,000 for the consultant.

Assumes the bill will require continued funding for the regional mental health institutes at their budgeted level for two years. Assumes any savings of operational costs would not revert to the state's general fund but would be available to the regional mental health institutes for the two-year period. The amount of foregone savings would depend on several factors and cannot be determined but is estimated to be a significant amount.

CERTIFICATION:

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.



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James A. Davenport, Executive Director